

San Carlos Apache Telecommunications Utility, Inc. (SAC 452169)

Unfulfilled Service Requests (Voice)

Form 481, Line 310

In 2014, San Carlos Apache Telecommunications Utility, Inc. ("the Company") had 10 unfulfilled requests for voice service. All 10 requests are in a new residential subdivision where there is no in-ground infrastructure. The Company will serve this new subdivision through a fiber-to-the-home project funded by an existing American Recovery and Reinvestment Act grant. However, to do this, the Company had to submit a revision to its plans for the grant funding so that funds could be reallocated for this new project. The Company expects to have service to these residences by the end of 2014.

San Carlos Apache Telecommunications Utility, Inc. (SAC 452169)

Unfulfilled Service Requests (Broadband)

Form 481, Line 330

In 2014, San Carlos Apache Telecommunications Utility, Inc. ("the Company") had seven unfulfilled requests for broadband service. All seven requests are in a new residential subdivision where there is no in-ground infrastructure. The Company will serve this new subdivision through a fiber-to-the-home project funded by an existing American Recovery and Reinvestment Act grant. However, to do this, the Company had to submit a revision to its plans for the grant funding so that funds could be reallocated for this new project. The Company expects to have service to these residences by the end of 2014.

LINE 510 – SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE

San Carlos Apache Telecommunications Utility, Inc. (“the Company”) complies with applicable service quality standards and consumer protection rules for its voice and broadband services.

The Company is owned by the San Carlos Apache Tribe. It is therefore reasonable that the Company operates under service quality standards and consumer protection rules that are in the best interest of its customers, who are mostly members of the Tribe.

The rates, terms and conditions under which the Company operates are outlined in its local exchange tariff. The tariff was modeled after the tariffs of state-regulated rural incumbent local exchange carriers, although the Company itself is not regulated by the Arizona Corporation Commission. The Company modifies its tariff from time to time with approval of, or at the request of the Tribal Council. The Company’s tariff contains provisions regarding its customer service and protection practices.

Service quality standards are established by the Company Board of Directors with a Tribal Council liaison sitting on the Board. Monthly reports on service quality compliance are provided to the Board, with periodic updates to the Tribal Council.

With regard to broadband service, the Company provisions its network and equipment to ensure that its customers can enjoy the speeds to which they subscribe. However, Internet speeds generally result from a “best effort” service and are dependent upon a number of variables, many of which are outside the control of the Company.

The Company also complies with the following consumer best practices: (1) the Company discloses its rates and terms of service to customers; (2) the Company provides specific disclosures in its advertising; (3) the Company separately identifies carrier charges from taxes on its billing statements; (4) the Company provides ready access to customer service; (5) the Company promptly responds to consumer inquiries and complaints received from government agencies; and (6) the Company abides by policies for protection of consumer privacy.

Finally, the Company has a policy and established operating procedures that comply with the FCC’s Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011). Certification of the Company’s compliance with CPNI rules and a description of the Company’s operating procedures that ensure compliance are filed annually with the FCC.

LINE 610 - FUNCTIONALITY IN EMERGENCY SITUATIONS

San Carlos Apache Telecommunications Utility, Inc. ("the Company") is able to function in emergency situations for both voice and broadband service. The Company has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, remote switch sites, and repeater sites to ensure functionality without an external power source until power is restored, so long as fuel is available. The network is capable of managing traffic spikes resulting from emergency situations.

The Company is able to reroute traffic around damaged facilities. Although the Company's ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

The Company has three Sonet fiber rings that increase the survivability of its network. The rings allow the Company to maintain service to its remote electronic sites in the event of a fiber outage, making the Company's network efficient, economical, and reliable.



San Carlos Apache Telecommunications Utility, Inc.

LINE 920 – TRIBAL GOVERNMENT ENGAGEMENT OBLIGATION

San Carlos Apache Telecommunications Utility, Inc. (“SCATUI” or “the Company”) is a tribally owned company and as such, engagement with the San Carlos Apache Tribe (“SCAT” or “the Tribe”) and the Tribal Council are essential to the Company’s operation. SCATUI’s General Manager along with the President or other member of its Board of Directors meet with the San Carlos Apache Tribal Council and other SCAT representatives on a quarterly basis. During those meetings, the Company provides progress reports on its various communications and broadband plans, and engages in conversations regarding any modifications needed to meet the needs of the Tribe. Presently, four members of the Tribal Council sit on SCATUI’s Board of Directors, with each member representing one of the four districts of the reservation.

SCATUI’s General Manager and management team also participate in SCAT’s annual Special Council meeting. During the annual meeting, SCATUI presents its year-end accomplishments, financial information, and future goals and projects for the coming year.

Needs Assessment and Deployment Planning with a Focus on Tribal Community Anchor Institutions

Since SCATUI’s inception, discussions between the Company and the Tribe regarding needs assessment and deployment planning have been integral to the growth in its customer base on the reservation from approximately 600 in 1998 to over 2,700 in 2015. Ongoing discussions and planning result in the deployment of new services to existing customers as well as the extension of telecommunications and broadband services to new anchor institutions and housing developments on the reservation. This includes a new hospital and a proposed new school which is planned to open in 2015.

In addition, funding from the American Recovery and Reinvestment Act has made fiber-to-the-home deployment possible in a new housing development and will also fund fiber build out to other housing communities presently served via copper.

Feasibility and Sustainability Planning

At least every five years the Tribe develops a comprehensive economic development strategy and SCATUI is an active participant in the planning process. The next strategic plan was scheduled for publication in 2014 but was delayed until 2015.

Marketing in a Culturally Sensitive Manner

Marketing is done in a culturally sensitive manner. SCATUI participates in community meetings where it presents information on its services to the public, including its Lifeline program offerings. The presentations are provided in the Apache language for those residents who only speak Apache. Other services have been customized to meet the needs of the public such as voice mail verbal instructions offered in the Apache language. The majority of the Company’s employees are members of the SCAT, understand the

community's needs, and are sensitive to the cultural differences of its customers. SCATUI collaborates with the Tribal Language Preservation program by placing "Apache Word of the Week" ads on its local advertising channel. Local businesses also offer auto-attendant call recordings in the Apache language for Apache speaking customers.

Compliance with Rights of Way Processes, Land Use Permitting Requirements, Facilities Sitting Rules, Environmental Review Processes, and Cultural Preservation Review Processes

During the quarterly meetings and ongoing as necessary, SCATUI engages with the Tribal Council and respective Tribal departments regarding right-of-way processes, land use permitting requirements, facilities sitting rules, environmental review processes, and cultural preservation review processes specific to each of the Company's projects.

Compliance with Tribal Business and Licensing Requirements

SCATUI complies with all Tribal business and licensing requirements. The Company is required to obtain a Tribal Privilege License. It must also apply annually for a Tribal Business License as well as a Land Lease agreement.

San Carlos Apache Telecommunications Utility, Inc. (SAC 452169)

Statement Regarding Voice Rate Comparability

47 C.F.R. § 54.313(a)(10)

Form 481, Line 1010

The Wireline Competition Bureau's most recent reasonable comparability benchmark for voice services is \$47.48, which includes the federal subscriber line charge ("SLC").¹

In all of the exchanges served by San Carlos Apache Telecommunications Utility, Inc. ("the Company"), the single-line residential local rate is \$16.00. When the federal SLC (\$6.50) is included, the rate becomes \$22.50. Therefore, the Company's pricing of fixed voice services is less than the reasonable comparability benchmark of \$47.48.

¹ *Wireline Competition Bureau Announces Results of Urban Rate Survey for Voice Services; Seeks Comment on Petition for Extension of Time to Comply With New Rate Floor*, WC Docket No. 10-90, DA 14-384 (rel. Mar. 20, 2014), p. 2.

LINE 1210 – TERMS & CONDITIONS OF VOICE TELEPHONY LIFELINE PLANS

All of the exchanges served by San Carlos Apache Telecommunications Utility, Inc. ("the Company") are Tribal lands. In all of the Company's exchanges, residential customers who qualify for the Lifeline Program receive a discount of \$22.50 on local voice telephony service.

In all of the Company's exchanges, the Lifeline single-line residential rate, including the federal SLC, is \$0.00 (\$22.50 standard rate - \$22.50 discount).

All single-line residential customers, including Lifeline customers, have an unlimited number of minutes for calls made within their local calling area.

Toll charges for calls outside of the local calling area are determined by the long distance carrier of the customer's choosing. Lifeline customers may elect to subscribe to toll blocking at no charge.

The Company does not disconnect the service of Lifeline subscribers for the non-payment of toll charges. However, the Company reserves the right to implement toll blocking, at no charge, if the customer incurs a significant balance of unpaid toll bills.

The Company offers bundled services to Lifeline customers that are discounted by \$22.50 for the voice component of the bundle.

Lifeline Program reductions do not apply to additional services such as custom calling features. Lifeline customers may subscribe to these services at the same rates offered to other customers.

Additional information regarding the terms and conditions of voice telephony Lifeline plans can be found at <http://scatui.com/telephone/e-lifelinee-linkup/>.

San Carlos Apache Telecommunications Utility, Inc. (SAC 452169)

Progress Report on 5 Year Plan – Milestone Certification

47 C.F.R. § 54.313(f)(1)(i)

Form 481, Line 3010

San Carlos Apache hereby certifies pursuant to 47 CFR 54.313(f)(1)(i) that it is taking all reasonable steps to provide, upon reasonable request, broadband service at actual speeds of at least 4 mbps downstream and 1 mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas, and that requests for such service are met within a reasonable time frame.

San Carlos Apache Telecommunications Utility, Inc. (SAC 452169)

Community Anchor Institutions

47 C.F.R. § 54.313(f)(1)(ii)

Form 481, Line 3012

San Carlos Apache did not begin providing broadband service to any community anchor institutions during 2014. The Company had previously provided broadband service meeting the Commission's public interest obligation standards to all community anchor institutions in its study area and, to the company's knowledge, no new community anchor institutions began operating in the Company's study area during 2014."



March 31, 2015

Mrs. Shirley Ortiz, Manager
San Carlos Apache Telecommunications Utility, Inc.
P. O. Box 1000
Peridot, AZ 85542-1000

Dear Shirley:

Enclosed is the 2014 Unaudited Operating Report for Telecommunications Borrowers you submitted to the RUS. Also enclosed is our compilation letter for the financial statements used to prepare this report.

Please let us know if you have any questions.

Sincerely,

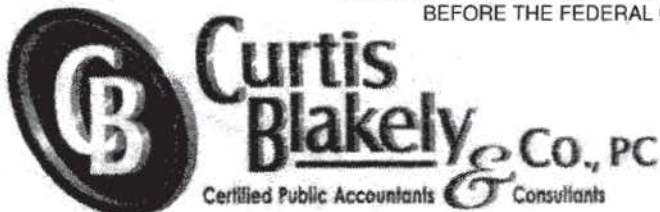
CURTIS BLAKELY & CO., P.C.

A handwritten signature in cursive script that reads 'Blake Lackey'.

Blake Lackey, CPA

BL/na
Enclosures

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March 31, 2015

To the Board of Directors
San Carlos Apache Telecommunications Utility, Inc.
Peridot, AZ

Gentlemen:

We have compiled the accompanying balance sheet of San Carlos Apache Telecommunications Utility, Inc. as of December 31, 2014, and the related statements of income, cash flows and retained earnings for the year then ended, included in the accompanying prescribed form, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Rural Utilities Service (RUS) information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the RUS, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

Curtis Blakely & Co., P.C.

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According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		<i>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.</i> BORROWER NAME San Carlos Apache Telecommunications Utility, Inc.	
INSTRUCTIONS -Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.		PERIOD ENDING December, 2014	BORROWER DESIGNATION AZ0512
CERTIFICATION <i>We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.</i> ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES. DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII <i>(Check one of the following)</i>			
<input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.		<input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report	
Shirley Ortiz		3/30/2015 DATE	
PART A. BALANCE SHEET			
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY
CURRENT ASSETS			CURRENT LIABILITIES
1. Cash and Equivalents	235,236	1,354,221	25. Accounts Payable
2. Cash-RUS Construction Fund	0	10,592	26. Notes Payable
3. Affiliates:			27. Advance Billings and Payments
a. Telecom, Accounts Receivable			28. Customer Deposits
b. Other Accounts Receivable	3,970,703	4,426,162	29. Current Mat. L/T Debt
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.
4. Non-Affiliates:			31. Current Mat.-Capital Leases
a. Telecom, Accounts Receivable	295,086	252,267	32. Income Taxes Accrued
b. Other Accounts Receivable	872,330	2,494,617	33. Other Taxes Accrued
c. Notes Receivable			34. Other Current Liabilities
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)
6. Material-Regulated	362,807	231,963	
7. Material-Nonregulated	96,437	87,784	LONG-TERM DEBT
8. Prepayments	50,059	25,304	36. Funded Debt-RUS Notes
9. Other Current Assets			37. Funded Debt-RTB Notes
10. Total Current Assets (1 Thru 9)	5,882,658	8,882,910	38. Funded Debt-FFB Notes
NONCURRENT ASSETS			39. Funded Debt-Other
11. Investment in Affiliated Companies			40. Funded Debt-Rural Develop. Loan
a. Rural Development	(1,990,217)	(2,637,015)	41. Premium (Discount) on L/T Debt
b. Nonrural Development			42. Recquired Debt
12. Other Investments			43. Obligations Under Capital Lease
a. Rural Development			44. Adv. From Affiliated Companies
b. Nonrural Development	246,546	156,388	45. Other Long-Term Debt
13. Nonregulated Investments	763,028	628,509	46. Total Long-Term Debt (36 thru 45)
14. Other Noncurrent Assets			
15. Deferred Charges			OTHER LIAB. & DEF. CREDITS
16. Jurisdictional Differences			47. Other Long-Term Liabilities
17. Total Noncurrent Assets (11 thru 16)	(980,643)	(1,852,118)	48. Other Deferred Credits
PLANT, PROPERTY, AND EQUIPMENT			49. Other Jurisdictional Differences
18. Telecom, Plant-in-Service	25,958,404	26,286,018	50. Total Other Liabilities and Deferred Credits (47 thru 49)
19. Property Held for Future Use			
20. Plant Under Construction	276,058	2,056,915	EQUITY
21. Plant Adj., Nonop. Plant & Goodwill			51. Cap. Stock Outstand. & Subscribed
22. Less Accumulated Depreciation	12,708,481	13,674,328	52. Additional Paid-in-Capital
23. Net Plant (18 thru 21 less 22)	13,525,981	14,668,605	53. Treasury Stock
24. TOTAL ASSETS (10+17+23)			54. Membership and Cap. Certificates
			55. Other Capital
			56. Patronage Capital Credits
			57. Retained Earnings or Margins
			58. Total Equity (51 thru 57)
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)
	18,427,996	21,699,397	

Total Equity = 29.00% of Total Assets

USDA-RUS

BORROWER DESIGNATION

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

AZ0512

PERIOD ENDING

December, 2014

INSTRUCTIONS- See RUS Bulletin 1744-2

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	833,382	821,465
2. Network Access Services Revenues	5,294,132	4,854,411
3. Long Distance Network Services Revenues	26,427	27,175
4. Carrier Billing and Collection Revenues	9,136	2,274
5. Miscellaneous Revenues	203,679	122,964
6. Uncollectible Revenues	880	34,889
7. Net Operating Revenues (1 thru 5 less 6)	6,365,876	5,793,400
8. Plant Specific Operations Expense	1,204,610	1,223,236
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	548,147	792,990
10. Depreciation Expense	1,262,651	1,278,357
11. Amortization Expense		
12. Customer Operations Expense	410,899	377,582
13. Corporate Operations Expense	1,229,307	1,402,747
14. Total Operating Expenses (8 thru 13)	4,655,614	5,074,912
15. Operating Income or Margins (7 less 14)	1,710,262	718,488
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes	158,367	165,838
20. Total Operating Taxes (17+18+19)	158,367	165,838
21. Net Operating Income or Margins (15+16-20)	1,551,895	552,650
22. Interest on Funded Debt	751,773	672,478
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction	21,043	51,387
26. Total Fixed Charges (22+23+24-25)	730,730	621,091
27. Nonoperating Net Income	(621,810)	4,647,764
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	(280,941)	(308,186)
31. Total Net Income or Margins (21+27+28+29+30-26)	(81,586)	4,271,137
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	1,004,164	922,579
34. Miscellaneous Credits Year-to-Date	1	
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		1
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	922,579	5,193,715
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)	0	0
44. Annual Debt Service Payments	2,490,531	2,413,813
45. Cash Ratio [(14+20-10-11) / 7]	0.5579	0.6839
46. Operating Accrual Ratio [(14+20+26) / 7]	0.8710	1.0118
47. TIER [(31+26) / 26]	0.8884	7.8768
48. DSCR [(31+26+10+11) / 44]	0.7676	2.5564

<p>USDA-RUS</p> <p>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p> <p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>BORROWER DESIGNATION AZ0512</p> <p>PERIOD ENDED December, 2014</p>
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Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION							
EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1	R-1	BUSINESS	RESIDENTIAL	TOTAL	TOTAL (including fiber)	FIBER
	(a)	(b)	(a)	(b)	(c)	(a)	(b)
San Carlos	32.00	16.00	825	1,832	2,657	322.00	183.00
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total			825	1,832	2,657	322.00	183.00
No. Exchanges	1						

USDA-RUS

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

AZ0512

PERIOD ENDED

December, 2014

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

4. BROADBAND SERVICE

Details on Least Expensive Broadband Service								
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
San Carlos	2,657	1,618	1,198	1,500	768	29.95	StandAlone	DSL
Total	2,657	1,618						

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS			BORROWER DESIGNATION AZ0512 PERIOD ENDING December, 2014								
INSTRUCTIONS- See RUS Bulletin 1744-2											
PART D. SYSTEM DATA											
1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile	5. Subscribers per Route Mile							
15	17	2,867	.93	8.25							
PART E. TOLL DATA											
1. Study Area ID Code(s) a. 452169 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____		2. Types of Toll Settlements (Check one) <table style="width: 100%;"> <tr> <td style="width: 40%;">Interstate:</td> <td style="width: 20%;"><input type="checkbox"/> Average Schedule</td> <td style="width: 20%;"><input checked="" type="checkbox"/> Cost Basis</td> </tr> <tr> <td>Intrastate:</td> <td><input type="checkbox"/> Average Schedule</td> <td><input checked="" type="checkbox"/> Cost Basis</td> </tr> </table>				Interstate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis	Intrastate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis
Interstate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis									
Intrastate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis									
PART F. FUNDS INVESTED IN PLANT DURING YEAR											
1. RUS, RTB, & FFB Loan Funds Expended					1,164,522						
2. Other Long-Term Loan Funds Expended											
3. Funds Expended Under RUS Interim Approval											
4. Other Short-Term Loan Funds Expended											
5. General Funds Expended (Other than Interim)					1,251,458						
6. Salvaged Materials											
7. Contribution in Aid to Construction											
8. Gross Additions to Telecom. Plant (1 thru 7)					2,415,980						
PART G. INVESTMENTS IN AFFILIATED COMPANIES											
INVESTMENTS (a)	CURRENT YEAR DATA		CUMULATIVE DATA								
	Investment This Year (b)	Income/Loss This Year (c)	Cumulative Investment To Date (d)	Cumulative Income/Loss To Date (e)	Current Balance (f)						
1. Investment in Affiliated Companies - Rural Development		(646,798)	3,000	(2,640,015)	(2,637,015)						
2. Investment in Affiliated Companies - Nonrural Development											

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION
	AZ0512
	PERIOD ENDING
	December, 2014

PART H. CURRENT DEPRECIATION RATES

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)

☒

YES

☐

NO

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	20.00%
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	10.00%
4. Land and support assets - Garage and other work equipment	10.00%
5. Land and support assets - Buildings	4.00%
6. Land and support assets - Furniture and Office equipment	14.05%
7. Land and support assets - General purpose computers	20.00%
8. Central Office Switching - Digital	12.70%
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	8.33%
12. Central Office Transmission - Circuit equipment	8.33%
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	12.70%
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	8.00%
17. Information origination/termination - Other terminal equipment	12.70%
18. Cable and wire facilities - Poles	7.10%
19. Cable and wire facilities - Aerial cable - Metal	5.50%
20. Cable and wire facilities - Aerial cable - Fiber	5.50%
21. Cable and wire facilities - Underground cable - Metal	4.50%
22. Cable and wire facilities - Underground cable - Fiber	4.50%
23. Cable and wire facilities - Buried cable - Metal	4.50%
24. Cable and wire facilities - Buried cable - Fiber	4.50%
25. Cable and wire facilities - Conduit systems	4.50%
26. Cable and wire facilities - Other	5.50%

USDA-RUS		BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		AZ0512
		PERIOD ENDED December, 2014
INSTRUCTIONS – See help in the online application.		
PART I – STATEMENT OF CASH FLOWS		
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		235,236
CASH FLOWS FROM OPERATING ACTIVITIES		
2. Net Income		4,271,137
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>		
3. Add: Depreciation		1,278,357
4. Add: Amortization		0
5. Other (Explain) Gain from Sale of 700 MHz Spectrum		(5,250,908)
<i>Changes in Operating Assets and Liabilities</i>		
6. Decrease/(Increase) in Accounts Receivable		(2,034,927)
7. Decrease/(Increase) in Materials and Inventory		139,497
8. Decrease/(Increase) in Prepayments and Deferred Charges		24,755
9. Decrease/(Increase) in Other Current Assets		0
10. Increase/(Decrease) in Accounts Payable		27,901
11. Increase/(Decrease) in Advance Billings & Payments		464
12. Increase/(Decrease) in Other Current Liabilities		(455,610)
13. Net Cash Provided/(Used) by Operations		(1,999,334)
CASH FLOWS FROM FINANCING ACTIVITIES		
14. Decrease/(Increase) in Notes Receivable		0
15. Increase/(Decrease) in Notes Payable		0
16. Increase/(Decrease) in Customer Deposits		4,325
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		(576,815)
18. Increase/(Decrease) in Other Liabilities & Deferred Credits		0
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		0
20. Less: Payment of Dividends		0
21. Less: Patronage Capital Credits Retired		0
22. Other (Explain)		
23. Net Cash Provided/(Used) by Financing Activities		(572,490)
CASH FLOWS FROM INVESTING ACTIVITIES		
24. Net Capital Expenditures (Property, Plant & Equipment)		(2,108,471)
25. Other Long-Term Investments		871,475
26. Other Noncurrent Assets & Jurisdictional Differences		0
27. Other (Explain) Reconciling Adjustments Including Proceeds from sale of Spectrum of 5,500,000 less Plant Retirements		4,938,397
28. Net Cash Provided/(Used) by Investing Activities		3,701,401
29. Net Increase/(Decrease) in Cash		1,129,577
30. Ending Cash		1,364,813

Revision Date 2010

<p>USDA-RUS</p> <p>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	<p>BORROWER DESIGNATION</p> <p>AZ0512</p>
<p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>PERIOD ENDED</p> <p>December, 2014</p>
<p>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	

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<p>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	
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